

**CITY OF ISLE OF PALMS MUNICIPAL COURT
ISLE OF PALMS, SOUTH CAROLINA**

**State Auditor's Report on Applying
Agreed-Upon Procedures
March 31, 2007**

**CITY OF ISLE OF PALMS MUNICIPAL COURT
ISLE OF PALMS, SOUTH CAROLINA**

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State of South Carolina



Office of the State Auditor

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RICHARD H. GILBERT, JR., CPA
DEPUTY STATE AUDITOR

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October 10, 2007

The Honorable Mark Sanford, Governor
State of South Carolina
Columbia, South Carolina

The Honorable Amy S. Wilkerson, Clerk of Court
City of Isle of Palms
Isle of Palms, South Carolina

This report resulting from the application of certain agreed-upon procedures to certain accounting records of the City of Isle of Palms Municipal Court System for the period April 1, 2006 through March 31, 2007, was issued by Cline Brandt Kochenower & Co., P.A., Certified Public Accountants, under contract with the South Carolina Office of the State Auditor.

If you have any questions regarding this report, please let us know.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Richard H. Gilbert, Jr.", written in a cursive style.

Richard H. Gilbert, Jr., CPA
Deputy State Auditor

RHGjr/trb

CLINE BRANDT KOCHENOWER
& Co., P.A.
Certified Public Accountants
Established 1950

Richard H. Gilbert, Jr., CPA
Deputy State Auditor
Office of the State Auditor
Columbia, South Carolina

We have performed the procedures described below which were agreed to by the South Carolina Office of the State Auditor solely to assist these users in evaluating the performance of the City of Isle of Palms Municipal Court System and to assist the South Carolina Office of the State Auditor in complying with the 2006 - 2007 General Appropriations Act (H. 4810) Section 72.80. Amy S. Wilkerson, Clerk of Court for the City of Isle of Palms, is responsible for compliance with the requirements for the Municipal Court reporting and the South Carolina Office of the State Auditor is responsible for compliance with the requirements of the 2006 - 2007 General Appropriations Act (H. 4810) Section 72.80. This engagement to apply agreed-upon procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

1. TIMELY REPORTING BY THE CLERK OF COURT

- We researched South Carolina Code of Laws Section 14-25-85 to determine the definition of timely reporting with respect to the Clerk of Court's responsibility for reporting fines, fees and assessments to the Municipal Treasurer.
- We inquired of the South Carolina Judicial Department to determine their requirements for both the manner in which partial pay fines and fees are to be allocated and the timing of the report and remittance submissions by the Clerk and the Treasurer.
- We inquired of the Clerk of Court and Municipal Treasurer to gain an understanding of their policy for ensuring timely reporting and to determine how the treasurer specifically documents timeliness.
- We inspected documentation, including the Clerk of Court Remittance Forms or equivalents for the months of April 1, 2006 to March 31, 2007 to determine if the Clerk of Court submitted the reports to the municipal treasurer in accordance with the law.

We found no exceptions as a result of the procedures.

2. TIMELY ACCURATE RECORDING AND REPORTING BY THE CITY

- We traced each month's reporting by the Clerk of Court to the Municipal Treasurer's Office and to the City's general ledger accounts for the assessments (Sections 14-1-208(A), (B) and (D)) and victim assistance surcharge (Section 14-1-211) for the period April 1, 2006 – March 31, 2007.
- We compared the amounts reported on the Clerk of Court Remittance Forms or equivalents to the Clerk of Court's software system-generated report summaries for three judgmentally determined test months. We tested the system-generated reports for compliance with various laws including Section 35.11 of the General Appropriations Act for the fiscal year 2006 – 2007 and with South Carolina Judicial Department training instructions and interpretations.
- We judgmentally selected and compared individual fine and assessment amounts recorded in the Clerk of Court's software system-generated detail reports to the Judicial Department guidelines range for the offense code to see if the fine and assessment were within the minimum and maximum range.

Our findings are reported under "TIMELY ACCURATE RECORDING AND REPORTING BY THE CITY" in the Accountants' Comments section of this report.

3. PROPER VICTIM ASSISTANCE FUNDS ACCOUNTING

- We inquired as to the format determined by City council and local policy for record keeping as it relates to fines and assessments in accordance with Section 14-1-208(E)(4).
- We compared the fiscal year-ended June 30, 2006 audited Victim Assistance Fund fund balance with all adjustments to the fund balance shown in the Schedule of Fines, Assessments and Surcharges of the audited financial statement on page 74 and to the beginning fund balance as adjusted in that fund for fiscal year 2007.
- We judgmentally selected a sample of Victim Assistance Fund reimbursable expenditures and verified that these expenditures were in compliance with Section 14-1-208(E) and Section 14-1-211(B).

Our finding is reported under "PROPER VICTIM ASSISTANCE FUNDS ACCOUNTING" in the Accountants' Comments section of this report.

4. TIMELY ACCURATE REPORTING TO THE STATE TREASURER

- We vouched the amounts reported in the South Carolina State Treasurer's Revenue Remittance Forms to Clerk of Court Remittance Forms or equivalents for the period April 1, 2006 to March 31, 2007.
- We scanned the South Carolina State Treasurer's Revenue Remittance Forms for timely filing in accordance with Section 14-1-208(B).
- We traced amounts recorded in the City's financial statement Schedule of Fines, Assessments and Surcharges on page 74 of the year ended June 30, 2006 report related to fines and assessments revenues reporting in accordance with Section 14-1-208(E) to supporting schedules used in the audit to comply with Section 14-1-208(E).
- We traced and agreed amounts in the supporting schedules to the Clerk of Court Remittance Forms or South Carolina State Treasurer's Revenue Remittance Forms.

Our finding is reported under "TIMELY ACCURATE REPORTING TO THE STATE TREASURER" in the Accountants' Comments section of this report.

We were not engaged to, and did not conduct an audit the objective of which would be the expression of an opinion on compliance with the collection and distribution of court generated revenue at any level of court for the twelve months ended March 31, 2007 and, furthermore, we were not engaged to express an opinion on the effectiveness of the internal controls over compliance with the laws, rules and regulations described in paragraph one and the procedures of this report. Had we performed additional procedures other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Governor, Chairmen of the House Ways and Means Committee, Senate Finance Committee, House Judiciary Committee, Senate Judiciary Committee, members of the Isle of Palms City Council, city clerk of court, city treasurer, State Treasurer, State Office of Victim Assistance, Chief Justice and the Office of the State Auditor and is not intended to be and should not be used by anyone other than these specified parties.



July 30, 2007

ACCOUNTANTS' COMMENTS

CITY OF ISLE OF PALMS MUNICIPAL COURT
ISLE OF PALMS, SOUTH CAROLINA
State Auditor's Report
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SECTION A - VIOLATIONS OF STATE LAWS, RULES OR REGULATIONS

Management of the entity is responsible for establishing and maintaining internal controls to ensure compliance with State Laws, Rules or Regulations. The procedures agreed to by the entity require that we plan and perform the engagement to determine whether any violations of State Laws, Rules or Regulations occurred.

The conditions described in this section have been identified as violations of State Laws, Rules or Regulations.

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TIMELY ACCURATE RECORDING AND REPORTING BY THE CITY

IMPROPERLY ALLOCATING CHILD RESTRAINT VIOLATION COLLECTIONS

CONDITION: The City did not allocate surcharges and assessments for the child restraint law violations as required by law as of May 9, 2006.

CRITERIA: South Carolina Code of Laws Section 56-5-6450, as amended by Senate Bill 800, requires assessments and surcharges to be applied to child restraint violations effective May 9, 2006.

CAUSE: A system modification programmed the wrong code into their software. The modification treated the violation as a pre amendment seatbelt violation for allocation purposes.

EFFECT: The City processed the collections of child restraint violations entirely as fines. Neither the State nor Victim Assistance received their allocated for child restraint violations.

AUDITORS' RECOMMENDATION: The City should determine the extent of the error and make the necessary adjustments to its accounting system to properly distribute the fine in accordance with the law. This would include revising reports made to the State Treasurer's Office.

ADHERENCE TO JUDICIAL DEPARTMENT FINE GUIDELINES

CONDITION: The Municipal Court Judge was not adhering to the Judicial Department minimum/maximum fine guidelines included in legislation for the Driving Under Suspension (DUS) fine.

CRITERIA: Judicial Department Guidelines for Fines – Minimums and Maximums. These guidelines are obtained from the minimum and maximum fines recorded in the respective laws.

CAUSE: The City rounds the DUS maximum fines up which inadvertently places the fine outside of the range set by the law.

EFFECT: By rounding the fines up the City is violating the maximum fine established by law.

AUDITORS' RECOMMENDATION: We recommend that the City comply with the fine guidelines.

TIMELY ACCURATE REPORTING TO THE STATE TREASURER

TIMELY FILING

CONDITION: Twelve of the twelve State Treasurer's Remittance Reports for the procedures period April 30, 2006 through March 31, 2007 was not timely filed. These report were from 1 to 85 days late.

CRITERIA: South Carolina Code of Laws Sections 14-1-208 (B) states "The city treasurer must remit ... on a monthly basis by the fifteenth day of each month...."

CAUSE: The City Clerk and Treasurer have from time to time had to prioritize their workloads such that filing the State Treasurer's Revenue Remittance Form was given a low priority.

EFFECT: The City did not comply with the timely filing requirement.

AUDITORS' RECOMMENDATION: The City should develop and implement a policy to ensure they can comply with State law.

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REQUIRED SUPPLEMENTARY SCHEDULE OF FINES AND ASSESSMENTS

CONDITION: The required supplemental schedule of fines and assessments did not report fines collected, fines retained, assessments collected and assessments retained separately; these amounts were reported in combination. The schedule does not list the fines and assessments allocated to Victim Assistance by source.

CRITERIA: South Carolina Code of Laws Section 14-1-208(E)(1) states "the supplementary schedule must include the following elements:

- (a) all fines collected by the clerk of court for the municipal court;
- (b) all assessments collected by the clerk of court for the municipal court;
- (c) the amount of fines retained by the municipal treasurer;
- (d) the amount of assessments retained by the municipal treasurer;
- (e) the amount of fines and assessments remitted to the State Treasurer pursuant to this section; and
- (f) the total funds, by source, allocated to victim services activities, how those funds were expended, and any balances carried forward."

CAUSE: The City was not aware of the specific requirements in the law for the proper presentation of the data for the schedule.

EFFECT: The City has not complied with each of the requirements in the law related to data disclosure in the schedule of fines and assessments.

AUDITORS' RECOMMENDATION: The City should prepare a schedule that includes all of the data elements required by the law in the schedule to be included in their financial statement.

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SECTION B – OTHER WEAKNESSES

The conditions described in this section have been identified while performing the agreed-upon procedures but they are not considered violations of State Laws, Rules or Regulations.

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PROPER VICTIM ASSISTANCE FUNDS ACCOUNTING

VICTIM ASSISTANCE MONTHLY ACCOUNTING

CONDITION: The Treasurer does not prepare monthly journal entries for the Victim Services activity including daily deposits. The expenditures were recorded by journal entry annually and were used as matching funds for a grant to support the Victim Advocate position for the fiscal year that ended during the procedures period. The City had not recorded any accounting transactions related to the Victim Services activity during the procedures period.

CRITERIA: The Committee of Sponsoring Organizations (COSO) Internal Control Framework report.

CAUSE: The treasurer has not considered the need to keep this information current a priority.

EFFECT: The City does not have current information to make informed decisions involving the Victim Assistance money. The City does not maintain a separate fund for this money either. It accounts for the Victim Services funds as a reservation of the general fund net assets.

AUDITORS' RECOMMENDATION: The City should consider accounting for these monies on a current monthly basis. It should also consider setting up a separate special revenue fund to properly segregate this earmarked funding.

CITY OF ISLE OF PALMS

South Carolina

Mayor:
Mike Sottile

City Council:
Marty Bettelli
Ryan Buckhannon
Dick Cronin
Leola Hanbury
John Marino
Jane McMackin
Carol Rice
Dee Taylor

October 15, 2007

Richard J. Gilbert, Jr., CPA
Deputy State Auditor
Office of the State Auditor
Columbia, South Carolina 29211

The City of Isle of Palms has received a copy of the State Auditor's Report on Applying Agreed-Upon Procedures dated March 31, 2007 prepared by Cline Brandt Kochenower & Co., P.A. We have reviewed the findings and Accountant's Comments and offer the following response.

IMPROPERLY ALLOCATING CHILD RESTRAINT VIOLATION COLLECTIONS

The City's court software programmer has reviewed the codes and made the necessary adjustments to avoid this problem in the future. It is the opinion of the Clerk of Court that this violation has been cited very rarely by our officers (no more than 5 times).

ADHERENCE TO JUDICIAL DEPARTMENT FINE GUIDELINES

The City's police officers and Municipal Court Judge were rounding a fine of \$647.50 to \$648.00. The rounding has been discontinued.

TIMELY FILING

The City acknowledges past problems with the timely filing of monthly court reports and remittances. The City Treasurer will not sign the transmittal report and release the funds until the internal monthly court reports have been reconciled to the court bank statements and this requirement has contributed to the problem. The City will endeavor to improve the timeliness of our filings without sacrificing accuracy. To that end, starting with the July 2007 remittance, we now have all state court assessments drafted directly by the State Treasurer's Office.

REQUIRED SUPPLEMENTARY SCHEDULE OF FINES AND ASSESSMENTS

The City has advised our independent auditors that the supplemental schedule requires additional detail information. The schedule will be adjusted for the June 30, 2007 audit report.

P.O. Drawer 508 • Isle of Palms, South Carolina 29451
(843) 886-6428 • Fax (843) 886-8005 • www.iop.net

City of Isle of Palms
Response to State Audit Report – Municipal Court
October 15, 2007

VICTIM ASSISTANCE MONTHLY ACCOUNTING

Prior to the issuance of the State Auditor's Report, the City did not have a separate accounting fund for Victim Assistance Funds, although we did have a separate account that included all transactions and internal reports that tracked monthly activity. In response to the State Auditor's Report, the City has created a separate accounting fund and a separate bank checking account for Victim Assistance Funds.

The City of Isle of Palms appreciates the effort of the State to ensure all municipalities are paying their fair share of assessments. Please do not hesitate to call me if further explanation or work is required.

Sincerely,



Debbie Schimsa Suggs
City Treasurer